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H.14

June 13, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of public security financing was moderate during the week ending June 7, but is expected to be very large this week, particularly for corporate securities. Last week, large issues sold by corporations amounted to \$105 million and offerings of State and local governments totaled \$37 million. The calendar for this week includes corporate issues totaling \$425 million, of which \$276 million are subscription issues, and State and local government issues amounting to \$77 million.

Bond yields - Bond yields increased moderately last week for all types of outstanding bonds. Yields for all categories of bonds, except those for U. S. Government (old series) reached new highs for the year last week, and are now above their 1956 peaks.

Yields on new corporate issues also continue to increase. A new Aa-rated, 30-year electric utility bond issue was sold to underwriters at a net interest cost of 4.84 per cent, and offered to investors at a yield of 4.78 per cent--15 basis points above a comparable offering made last week.

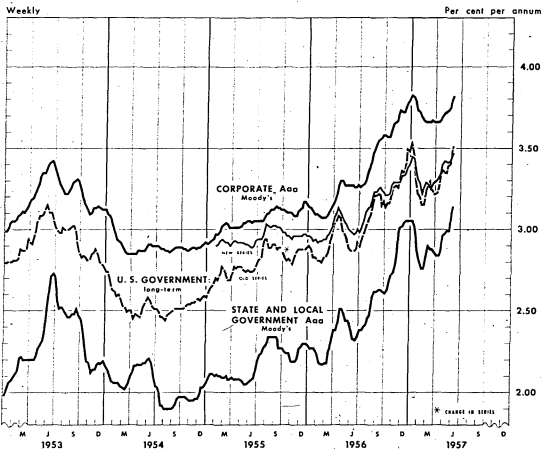
Stock prices - The SEC index of common stock prices reached a new high for the year during the week ending June 7. Daily figures through Wednesday of this week indicate a further increase in prices, on balance, after a sharp dip in reaction to news of the President's illness.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

Business Finance and Capital Markets Section,  
Division of Research and Statistics,  
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



Date	Corporate Aaa 1/	U. S. Govt., long-term 2/		State and local govt. Aaa 3/	Spread between U. S. Govt. (old series) and Corporate/State and local Aaa	
		Old series	New series		Corporate Aaa	State and local Aaa
(Per cent)						
1953 - High	3.42 (6/19)	3.15 (6/6)	n.a.	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	n.a.	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	n.a.	2.21 (6/10)	.43	.61
Low	2.85 (12/23)	2.44 (8/7)	n.a.	1.90 (9/2)	.32	.29
1955 - High	3.17 (12/23)	2.94 (8/5)	3.03 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.89 (6/10)	2.05 (5/26)	.13	.54
1956 - High	3.79 (12/28)	3.49 (12/21)	3.39 (12/28)	3.05 (12/27)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.33	.32
1957 - High	3.82 (6/7)	3.53 (1/4)	3.47 (6/7)	3.14 (6/6)	.54	.48
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26
May 10	3.72	3.35	3.41	2.99	.37	.36
May 17	3.73	3.39	3.41	2.99	.34	.40
May 24	3.75	3.40	3.42	2.99	.35	.41
May 31	3.79	3.48	3.45	3.10	.31	.38
June 7	3.82	3.51	3.47	3.14	.31	.37

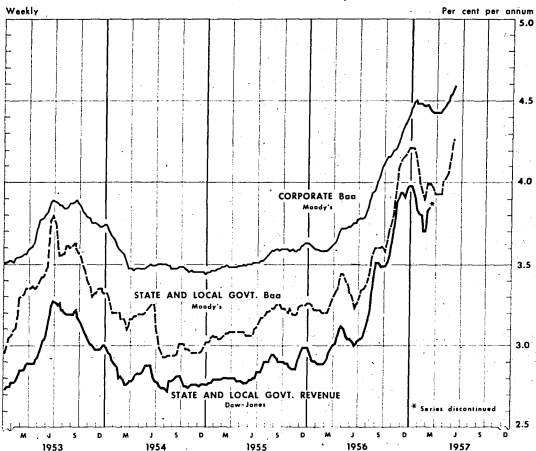
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 4 1/2 years in early 1953 to 1 1/2 years in early 1956. The new series is comprised of the 3 per cent bond of 1955 and the 3 1/4 per cent bond of 1978-83.

3/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.--Highs and lows are for individual series and may be on different dates for different series.

## LOWER-GRADE BOND YIELDS



Date	Corporate Baa <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	State and local govt. rev. <sup>3/</sup>
	(Per cent)		
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.63 (12/30)	3.26 (12/29)	2.99 (12/30)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
1956 - High	4.41 (12/28)	4.22 (12/27)	3.98 (12/28)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
1957 - High	4.59 (6/7)	4.27 (6/6)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
May 10	4.50	4.05	<sup>4/</sup>
May 17	4.53	4.06	
May 24	4.54	4.15	
May 31	4.56	4.23	
June 7	4.59	4.27	

<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

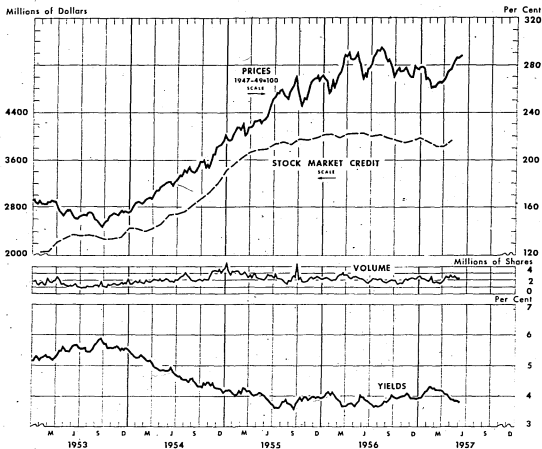
<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

<sup>4/</sup> Series discontinued, as of March 15.

Note.--Highs and lows are for individual series and may be on different dates for different series.

EXHIBIT C

STOCK MARKET



Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market customer credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(billions of dollars)						
1953 - High	167.1 (1/2)	2.5	5.88	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	664
1954 - High	221.4 (12/31)	3.7	5.49	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.09	2,405	1,653	746
1955 - High	270.7 (12/30)	4.6	4.23	4,030	2,805	1,224
Low	217.4 (1/14)	1.5	3.59	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.13	4,047	2,823	1,267
Low	257.4 (1/20)	1.5	3.65	3,914	2,740	1,155
1957 - High	287.4 (6/7)	2.7	4.28	3,938	2,792	1,163
Low	260.3 (2/6)	1.6	3.80	3,832	2,713	1,117
April	273.3	2.3	3.96	3,938	2,792	1,146
May	384.2	2.4	3.82	n.a.	n.a.	1,130
May 24	285.4	2.2	3.83	n.a.	n.a.	1,130
May 31	286.6	2.2	3.82	n.a.	n.a.	1,130
June 7	287.4	2.2	3.80	n.a.	n.a.	n.a.

n.a.--Not available. <sup>1/</sup> Revised.

<sup>1/</sup> SEC index of 265 common stocks, weekly closing prices, 1939-100; converted to 1947-49=100 by Federal Reserve. The conversion factor is 123.91.

<sup>2/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>3/</sup> Moody's 125 industrial stocks; weekly data based on Friday.

<sup>4/</sup> End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes balances secured by U. S. Government obligations.

<sup>5/</sup> Wednesday figures for weekly reporting member banks. Excludes loans for purchasing or carrying U. S. Government securities at banks in New York and Chicago. Weekly reporting banks account for about 72 per cent of loans to others.

Note.--Highs and lows are for individual series and may be on different dates for different series.

Corporate and State and Local Government  
Security Offerings and Placements

(In millions of dollars)

	New Capital					
	Corporate			State and Local		
	1957	1956	1955	1957	1956	1955
January	1,063	573	535	685	404	535
February	1,071	712	407	566	696	312
March	1,344	817	1,223	499	390	538
April	e/ 950	818	478	e/750	378	427
May	e/ 750	1,146	886	e/550	490	350
June	e/1,200	841	687	e/425	735	642
July		1,063	597		376	470
August		654	644		199	249
September		838	670		333	406
October		745	1,162 <sup>1/</sup>		645	919
November		1,089 <sup>2/</sup>	632		311	658
December		1,088	900		426	408
1st quarter	3,479	2,102	2,165	1,750	1,490	1,385
2nd quarter	e/2,900	2,805	2,052	e/1,725	1,603	1,418
3rd quarter		2,556	1,911		908	1,124
4th quarter		2,922	2,695		1,382	1,984
1st half	e/6,379	4,907	4,216		3,093	2,803
Three quarters		7,463	6,127		4,001	3,927
Year		10,384	8,821		5,383	5,911
	Excluding finance companies <sup>3/</sup>					
1st quarter	3,268	1,647	1,727			
2nd quarter	e/2,650	2,541	1,870			
3rd quarter		2,246	1,444			
4th quarter		2,826	2,554			
Year		9,259	7,595			

e/ Estimated.

<sup>1/</sup> Includes \$637.2 million AT&T convertible debenture issues.<sup>2/</sup> Includes \$571.5 million AT&T common stock issues.<sup>3/</sup> Total new capital issues excluding offerings of sales and consumer finance companies.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital  
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1956 - May	623	233	--
June	185	463	20
July	592	164	--
August	217	35	37
September	558	184	--
October	386	383	35
November	701	135	--
December	430	201	--
1957 - January	567	386	100
February	671	306	50
March	788	194	--
April	477	499	125
May	329	248	25

Large Individual Issues Offered June 1 through 7

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Virginia Elec. & Pwr. Co.	Common stk.	24.2				
Boston Edison Co.	1st mtg. bds.	25.0	1987	4 5/8	4.53	Aaa
General Tele. Co. of Calif.	1st mtg. bds.	20.0	1987	5	5.00	A
Columbia Gas System, Inc.	Deb.	20.0	1982	5 1/2	5.40	A
Georgia Power Co.	1st mtg. bds.	15.5	1987	5 1/4	5.10	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Tacoma, Washington	Lt. & Pwr. rev.	5.0	1959-83	4.29	3.15-4.25	Baa
Columbus, Ohio	G.O.	5.0	1959-83	3.35	2.60-3.40	Aa
Los Angeles, California	Elec. rev.	15.0	1958-87	3.88	2.50-3.90	Aa
San Antonio, Texas	Water rev.	13.9	1966-84	3.78	3.30-3.80	Aa
Dallas, Texas	Airport rev.	6.3	1962-81	4.11	n.a.	n.a.
<u>OTHER</u>						
None						

n.a.--Not available;

1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; L.L., limited liability obligations secured by pledge of designated revenues.

Forthcoming Large Public Security Offerings for New Capital  
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1956 - May 31	198	332	--	448	941	--
June 29	437	81	--	567	690	--
July 31	247	--	37	1,096	726	37
Aug. 31	369	131	--	1,202	958	--
Sept. 28	315	359	--	1,009	1,197	--
Oct. 31	683	162	--	990	955	--
Nov. 30	436	48	23	481	979	23
Dec. 31	476	280	100	796	763	100
1957 - Jan. 31	591	153	35	966	648	35
Feb. 28	740	153	--	795	631	--
Mar. 29	461	290	25	486	862	25
Apr. 30	187	179	25	258	396	25
May 31	525	97	--	525	388	--

Forthcoming Large Offerings, as of June 7

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
General Telephone Corp.	Conv. deb.	44.5	June 10 (rights expire)
Metropolitan Edison Co.	1st mtg. bds.	19.0	June 10
International Business Machines Corp.	Common stk.	231.0	June 10 (rights expire)
Commercial Credit Co.	Notes	75.0	June 12
Consolidated Natural Gas Co.	S.F. deb.	25.0	June 12
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	30.0	June 13
Michigan Consolidated Gas Co.	1st mtg. bds.	30.0	June 18
Fairbanks Morse & Company	Deb.	15.0	June 18
Southern Bell Tel. & Tel. Co.	Deb.	70.0	June 19
Public Service Electric & Gas Co.	Pfd. stk.	25.0	June 19
Associates Investment Co.	Deb.	20.0	June 20
Texas Eastern Transmission Corp.	Conv. pfd. stk.	20.0	June 20
Texas Eastern Transmission Corp.	Deb.	15.0	June 20
Kerr McGee Oil Industries, Inc.	S.F. deb.	15.0	June 22
Puget Sound Power & Light Co.	1st mtg. bds.	20.0	June 25
Delaware Power & Light Co.	1st & coll. tr. bds.	15.0	June 25
*Philadelphia Electric Co.	Common stk.	22.1	June 25 (rights expire)



## Forthcoming Large Offerings, as of June 7 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
*Household Finance Corp.	S.F. deb.	40.0	June 27
Southern California Gas Co.	1st mtg. bds.	35.0	June 27
*Kaiser Aluminum & Chemical Corp.	Conv. pfd. stk.	30.0	June 27
*Timken Roller Bearing Co.	Common stk.	19.4	July 1 (rights expire)
*Southern California Edison Co.	1st & ref. mtg. bds.	40.0	July 2
Rochester Gas & Electric Co.	1st mtg. bds.	15.0	July 3
*West Penn Power Co.	1st mtg. bds.	20.0	July 11
Jersey Central Power & Light Co.	1st mtg. bds.	15.0	July 17
<u>STATE AND LOCAL GOVERNMENT</u>			
Cheltenham Sch. Dist. Auth., Pa.	Rev.	6.4	June 11
State of Ohio	Highway rev.	32.0	June 12
Pittsburgh, Pennsylvania	G.O.	5.2	June 12
*Cowlitz Co. P.U.D. No. 1, Wash.	G.O.	20.0	June 12
*Hempstead Cen. H.S.D. No. 3, N. Y.	G.O.	8.2	June 13
San Diego, California	G.O.	5.0	June 13
Independence, Missouri	Elec. rev.	8.0	June 18
*State of Rhode Island	G.O.	7.0	June 19
*State of Vermont	G.O.	9.3	June 20
East Baton Rouge Parish Sch. Dist., La.	G.O.	10.0	June 22
*Fabian River Auth., Texas	Water rev.	5.0	June 24
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	June 25
*Louisiana State University	Bldg. rev.	7.5	June 26
*Harris Co., Texas	G.O.	5.0	June 27
Atlanta, Georgia	G.O.	15.0	July 20
Milwaukee, Wisconsin	Water rev.	10.0	July 23
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	August 13
State of Texas	G.O.	12.5	1957
Jacksonville, Florida	Utilities rev.	30.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	1957
Pennsylvania Turnpike Commission	Rev.	62.0	1957
Inter-American Center Auth., Fla.	Rev.	20.0	1957
New York State Thruway Authority	G.O.	50.0	1957
Oklahoma Turnpike Authority	Rev.	65.0	1957
<u>OTHER</u>			
*Metropolitan Toronto, Ontario	Deb.	39.4	June 26

\*--Included in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

Note.--Deletions for reasons other than sale of issue; State of Louisiana, \$16 million general obligation issue--postponed indefinitely.

Yields on New and Outstanding  
Electric Power Bonds, Rated Aa and A 1/

Date	Aa-rated offering yields		A-rated offering yields	
	Actual (per cent)	Amount above seasoned yields (basis points)	Actual (per cent)	Amount above seasoned yields (basis points)
1952 - 1956				
High	4.30(12/12/56)	62	4.58(12/6/56)	70
Low	2.93(3/31/54)	- 3	3.00(3/17/54)	-15
1956 - July	3.66	29	*3.82	28
August	*4.07	52	*4.00	43
September	4.13	53	None	--
October	*4.20	48	*4.40	63
November	*4.30	52	None	--
December	*4.30	47	*4.58	70
1957 - January 8	4.50	62		
16			4.67	70
18	4.43	56		
22			4.56	57
24	4.40	53		
February 5	4.29	45		
19	4.25	46		
27	4.22	43		
March 6			4.41	35
12			4.58	52
20			4.55	49
29			4.45	43
April 3	4.29	50		
10			4.60	59
12			4.50	49
May 10			4.53	52
15			4.53 2/	52
16	4.50	65	4.70	69
21	4.38 2/	51		
23			5.00	98
29			5.25	123
June 5	4.63	75		
7			5.10	106

\*--Single observation, not an average.

1/ Covers only 30-year first mortgage bonds, as reported in Moody's Bond Survey. Except where indicated, the actual yield figure and the amount above seasoned yields are averages of offerings during the indicated period and of the differences between these new offering yields and yields on seasoned issues of similar quality for the same day. Average maturity for the seasoned issues varies from 26 to 28 years.

2/ Provides for a 5-year period during which issue may not be called for refunding at a lower coupon rate. Other issues have no such provision.